

## Continued Excellence



**Corporate  
Social  
Responsibility**

**Innovative  
Farming**

**Bond  
with  
Growers**

**Community  
Empowerment**



# Contents

## **Company Review**

02 Corporate Information

03 Brief Review

## **Condensed Interim Unconsolidated Financial Information**

06 Condensed Interim Unconsolidated Balance Sheet

07 Condensed Interim Unconsolidated Profit and Loss Account

08 Condensed Interim Unconsolidated Statement of Comprehensive Income

09 Condensed Interim Unconsolidated Cash Flow Statement

10 Condensed Interim Unconsolidated Statement of Changes in Equity

11 Notes to the Condensed Interim Unconsolidated Financial Information

## **Condensed Interim Consolidated Financial Information**

18 Condensed Interim Consolidated Balance Sheet

19 Condensed Interim Consolidated Profit and Loss Account

20 Condensed Interim Consolidated Statement of Comprehensive Income

21 Condensed Interim Consolidated Cash Flow Statement

22 Condensed Interim Consolidated Statement of Changes in Equity

23 Notes to the Condensed Interim Consolidated Financial Information

## Corporate Information

### Directors

Mukhdoom Syed Ahmed Mahmud  
Director/Chairman

Mr. Jahangir Khan Tareen  
Director/Chief Executive

Mrs. Sameera Mahmud

Mr. Ijaz Ahmed Phulpoto

Mr. Raheal Masud

Mr. Asim Nisar Bajwa

Mr. Zafar Iqbal

### Chief Operating Officer

Rana Nasim Ahmed

### Group Director (Finance), CFO & Company Secretary

Mr. Muhammad Rafique

### Audit Committee

Mr. Asim Nisar Bajwa  
Chairman / Member

Mr. Raheal Masud  
Member

Mr. Zafar Iqbal  
Member

### HR Committee

Mr. Ijaz Ahmed Phulpoto  
Chairman / Member

Mr. Raheal Masud  
Member

Mr. Zafar Iqbal  
Member

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Registrar

Corplink (Pvt.) Ltd.

### Legal Advisor

Cornelius, Lane & Mufti

### Bankers

Faysal Bank Ltd.

The Bank of Punjab

MCB Bank Ltd.

United Bank Ltd.

Habib Bank Ltd.

Pak Brunei Investment Company Ltd.

Barclays Bank Plc.

Standard Chartered Bank (Pakistan) Ltd.

Silkbank Ltd.

Bankislami (Pakistan) Ltd.

Meezan Bank Ltd.

Soneri Bank Ltd.

National Bank of Pakistan

Askari Bank Ltd.

### Registered Office

17-Abid Majeed Road,  
Lahore Cantonment, Lahore.

### Mills

#### Unit-I

Mauza Shirin, Jamal Din Wali,  
Distt. Rahim Yar Khan.

#### Unit-II

Machi Goth, Sadiqabad.  
Distt. Rahim Yar Khan.

#### Unit-III

Mauza Luluwali, Near Village  
Islamabad, Distt. Ghotki.

### Web Presence

[www.jdw-group.com](http://www.jdw-group.com)

## Brief Review

Dear Shareholders,

I am pleased to present the unaudited accounts of the company for the nine months ended 30th June, 2013.

During this period the company has earned profit after tax amounting to Rs. 1,056 million as compared to a profit after tax Rs. 949 million in the same period last year with gross sales of Rs. 22.70 billion and Rs. 23.48 billion respectively. Resultantly the earnings per share have increased from Rs. 15.92 to Rs. 17.67. Gross profit ratio has also increased from 12.29% to 13.49%. Better sucrose recovery, export of sugar and reduction in financial charges were the main reasons for improvement in profitability.

- Other points of your interest are that the balance sheet size has increased from Rs. 23 billion to Rs. 27 billion. Due to repayment of long term loans and reduction in discount rate by SBP from time to time, financial charges have reduced by 14% as compared to corresponding period. Share capital and reserves have increased from Rs. 4.9 billion to Rs. 5.6 billion. Current and debt equity ratios have also shown improvement. Substantial increase in distribution & marketing expenses is due to freight outward expenses incurred on export of sugar. Increase in other operating income is attributable to exchange gain on export proceeds.
- Growers as usual were happy with our consistent policy of making prompt payments. This has encouraged the growers to bring more area under sugar cane cultivation. The company has also financially supported its growers by arranging and providing them agri loans in the form of seeds, fertilizers, pesticides and agri implements etc.
- The process of replacing low pressure boilers with higher pressure boilers and small capacity power turbines with the power turbines of 26 MW each at JDW Unit II (Sadiqabad) and JDW Unit III (Ghotki) as mentioned in our last year's audited financial statements is in progress at its full swing. This change in the technology will result in better value addition of bagasse by virtue of which surplus power will be available for sale to WAPDA. The work on these projects is in progress as per planned schedule and expected to be completed immediately after start of the coming crushing season. Federal and Provincial Governments are encouraging the sugar industry to set up similar project so that an efficient use of bagasse can be achieved in the form of extra power to overcome energy crisis in the country.
- Surplus sugar production with no corresponding required permission for export of sugar has put tremendous pressure on prices of this commodity causing heavy losses to the sugar industry. Sugar prices as of today are below the level which was prevailing few months ago. TCP has recently floated

two tenders of 50,000 tons each for purchase of sugar but such a small purchase of quantity by TCP would not provide any significant financial support to the industry. Coming crushing season will also be a surplus year, therefore, timely & adequately permission for export of surplus sugar and withdrawal of 15% regulatory duty on export of molasses would be the sort of supports required by the sugar industry from the Government to overcome on-going crisis in the sugar industry.

For & on behalf of the Board

Lahore  
26 July 2013

**JAHANGIR KHAN TAREEN**  
Chief Executive



**Condensed Interim Unconsolidated  
Financial Information (Un-audited)**

For the nine months period ended 30 June 2013

## Condensed Interim Unconsolidated Balance Sheet (Un-audited)

As at 30 June 2013

	Note	(Un-audited) 30-Jun-13 Rupees	(Audited) 30-Sep-12 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	6	597,766,610	597,766,610
Reserves		5,022,979,619	4,325,287,489
		5,620,746,229	4,923,054,099
<b>NON CURRENT LIABILITIES</b>			
Long term loans - secured		2,839,928,671	3,119,611,115
Liabilities against assets subject to finance lease		376,340,318	414,748,686
Deferred liabilities		1,769,970,316	1,592,526,507
		4,986,239,305	5,126,886,308
<b>CURRENT LIABILITIES</b>			
Short term borrowings - secured		11,652,725,732	8,111,666,733
Current portion of non current liabilities		1,597,218,976	1,449,872,658
Trade and other payables		2,610,332,845	2,526,560,365
Interest and mark-up accrued		410,254,917	442,600,039
		16,270,532,470	12,530,699,795
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	26,877,518,004	22,580,640,202
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	8	7,977,940,570	7,856,588,719
Capital work in progress		1,053,101,029	369,984,770
		9,031,041,599	8,226,573,489
Investment property		693,855,251	685,973,260
Investments	9	1,810,250,000	1,810,250,000
Advances to related party		1,658,262,000	2,027,500,000
Goodwill		608,310,693	608,310,693
Long term deposits		88,557,810	105,637,735
		4,859,235,754	5,237,671,688
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		577,235,799	590,954,610
Stock in trade		7,935,907,816	3,731,551,031
Trade debts - unsecured, considered good		477,019,057	369,304,824
Advances, deposits, prepayments and other receivables		3,832,228,736	4,157,065,058
Tax refunds due from Government		121,758,315	256,136,742
Cash and bank balances		43,090,928	11,382,760
		12,987,240,651	9,116,395,025
		26,877,518,004	22,580,640,202

The attached notes 1 to 13 form an integral part of this condensed interim unconsolidated financial information.

## Condensed Interim Unconsolidated Profit and Loss Account (Un-audited)

For the nine months period ended 30 June 2013

	Note	Nine months ended		Quarter ended	
		30-Jun-13 Rupees	30-Jun-12 Rupees	30-Jun-13 Rupees	30-Jun-12 Rupees
<b>Gross sales</b>		22,700,482,625	23,477,338,701	8,877,212,378	6,222,068,013
Less: FED, Sales tax & others		(964,936,500)	(1,732,140,115)	(415,374,534)	(446,988,659)
<b>Net sales</b>	10	21,735,546,125	21,745,198,586	8,461,837,844	5,775,079,354
Cost of sales		(18,803,302,683)	(19,071,695,696)	(7,485,541,704)	(5,118,764,746)
<b>Gross profit</b>		2,932,243,442	2,673,502,890	976,296,140	656,314,608
Administrative expenses		(372,558,620)	(356,191,409)	(133,139,778)	(120,947,623)
Distribution and marketing expenses		(232,120,605)	(15,556,358)	(119,433,762)	(3,463,413)
Other operating expenses		(109,440,870)	(87,193,976)	(29,842,884)	(2,113,382)
Other operating income		115,291,358	83,933,171	41,508,816	34,006,974
		(598,828,737)	(375,008,572)	(240,907,608)	(92,517,444)
<b>Operating profit</b>		2,333,414,705	2,298,494,318	735,388,532	563,797,164
Finance cost		(831,969,765)	(972,770,111)	(350,428,917)	(452,893,732)
<b>Profit before taxation</b>		1,501,444,940	1,325,724,207	384,959,615	110,903,432
Taxation		(445,092,844)	(377,132,704)	(128,941,761)	15,399,338
<b>Profit after taxation</b>		1,056,352,096	948,591,503	256,017,854	126,302,770
<b>Basic earnings per share</b>		17.67	15.92	4.28	2.19
<b>Diluted earnings per share</b>		17.67	15.87	4.28	2.11

The attached notes 1 to 13 form an integral part of this condensed interim unconsolidated financial information.



## Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited)

For the nine months period ended 30 June 2013

	Nine months ended		Quarter ended	
	30-Jun-13 Rupees	30-Jun-12 Rupees	30-Jun-13 Rupees	30-Jun-12 Rupees
<b>Profit for the period</b>	1,056,352,096	948,591,503	256,017,854	126,302,770
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	1,056,352,096	948,591,503	256,017,854	126,302,770

The attached notes 1 to 13 form an integral part of this condensed interim unconsolidated financial information.

## Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the nine months period ended 30 June 2013

	30-Jun-13 Rupees	30-Jun-12 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,501,444,940	1,325,724,207
Adjustments for non cash and other items:		
Finance cost	831,969,765	972,770,111
Depreciation	374,423,160	361,118,297
Staff retirement benefits	55,962,411	64,672,219
Workers' profit participation fund	80,461,040	70,645,909
Workers' welfare fund	27,314,829	16,548,066
Profit on disposal of property plant and equipments	(5,949,194)	(20,401,676)
Employees' stock option	-	17,429,375
Assets written off	-	728,491
	1,364,182,011	1,483,510,792
<b>Operating profit before working capital changes</b>	2,865,626,951	2,809,234,999
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	13,718,811	18,557,424
Stock in trade	(4,204,356,785)	(2,571,186,925)
Advances, deposits, prepayments and other receivables	1,819,307,393	1,026,622,364
Trade debts	(107,714,233)	(1,794,384,686)
	(2,479,044,814)	(3,320,391,823)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(83,889,952)	649,870,497
<b>Cash generated from operations</b>	302,692,185	138,713,673
Income tax paid	(135,960,957)	(459,313,570)
Workers' profit participation fund paid	(33,195,478)	(146,922,935)
Staff retirement benefits paid	(51,565,424)	(71,497,192)
	(220,721,859)	(677,733,697)
<b>Net cash generated / (used in) operations</b>	81,970,326	(539,020,024)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment	(1,088,037,633)	(746,745,821)
Advances to related parties	(1,125,233,072)	(546,330,326)
Investment property	(7,881,991)	(41,715,041)
Proceeds realized from sale of operating fixed assets	7,937,217	39,954,634
Long term deposits	17,079,926	(7,508,390)
Investment made during the period	-	(1,048,750,000)
<b>Net cash used in investing activities</b>	(2,196,135,553)	(2,351,094,944)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term loans	(96,449,110)	(435,611,108)
Short term borrowings	3,688,405,317	4,841,061,829
Finance cost paid	(802,990,187)	(698,489,391)
Proceeds from issuance of shares under employees' stock option scheme	-	11,809,500
Dividend paid	(355,137,913)	(544,865,722)
Lease rentals paid	(287,954,712)	(362,769,523)
<b>Net cash generated from financing activities</b>	2,145,873,395	2,811,135,585
<b>Net increase / (decrease) in cash and cash equivalents</b>	31,708,168	(78,979,383)
<b>Cash and cash equivalents at the beginning of the period</b>	11,382,760	115,732,769
<b>Cash and cash equivalents at the end of the period</b>	43,090,928	36,753,386

The attached notes 1 to 13 form an integral part of this condensed interim unconsolidated financial information.

Lahore

26 July 2013

Chief Executive

Director

## Condensed Interim Unconsolidated Statement of Changes in Equity (Un-audited)

For the nine months period ended 30 June 2013

	Share capital Rupees	Share premium Rupees	Reserves		Accumulated profit Rupees	Sub Total Rupees	Total Rupees
			Employees' stock option	Rupees			
<b>Balance as at 30 September 2011 - Audited</b>	592,766,610	643,951,928	21,335,625		3,497,685,956	4,163,573,509	4,756,340,119
Employees' stock option	-	-	5,619,875		-	5,619,875	5,619,875
Shares issued under employees' stock option scheme	5,000,000	34,365,000	(27,555,500)		-	6,809,500	11,809,500
<b>Transactions with owners, recorded directly in equity:</b>							
Final dividend @ Rs. 9.00 per share	-	-	-		(537,989,949)	(537,989,949)	(537,989,949)
Total comprehensive income for the period	-	-	-		948,591,503	948,591,503	948,591,503
<b>Balance as at 30 June 2012- Un-audited</b>	597,766,610	678,316,928	-		3,908,287,510	4,586,604,438	5,184,371,048
<b>Balance as at 30 September 2012 - Audited</b>	597,766,610	678,316,928	-		3,646,970,561	4,325,287,489	4,923,054,099
<b>Transactions with owners, recorded directly in equity:</b>							
Final dividend @ Rs. 6.00 per share	-	-	-		(358,659,966)	(358,659,966)	(358,659,966)
Total comprehensive income for the period	-	-	-		1,056,352,096	1,056,352,096	1,056,352,096
<b>Balance as at 30 June 2013 - Un-audited</b>	597,766,610	678,316,928	-		4,344,662,691	5,022,979,619	5,620,746,229

The attached notes 1 to 13 form an integral part of this condensed interim unconsolidated financial information.

Lahore  
26 July 2013

Chief Executive

Director

## Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)

For the nine months period ended 30 June 2013

### 1 STATUS AND NATURE OF BUSINESS

JDW Sugar Mills Limited ("the Company") was incorporated in Pakistan on 31 May 1990 as a private limited company under the Companies Ordinance, 1984 and was subsequently converted into a public limited company on 24 August 1991. Shares of the Company are listed on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 17-Abid Majeed Road, Lahore Cantonment, Lahore. The principal activity of the Company is production and sale of crystalline sugar.

### 2 STATEMENT OF COMPLIANCE

This condensed interim unconsolidated financial information of the Company for the nine months period ended 30 June 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures in the condensed interim unconsolidated financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statement for the year ended 30 September 2012.

This condensed interim unconsolidated financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

### 3 ESTIMATES

The preparation of the condensed interim unconsolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the condensed interim unconsolidated financial information the significant judgments made by the management in applying accounting policies, key estimates and uncertainty includes:

- Residual value and useful life estimation of fixed assets
- Taxation
- Retirement and other benefits
- Provisions and contingencies

### 4 SIGNIFICANT ACCOUNTING POLICIES

**4.1** The accounting policies and methods of computation adopted in the preparation of the condensed interim unconsolidated financial information are generally based on the same policies and methods as applied in preparation of the annual financial statements for the year ended 30 September 2012.

**4.2** The following amendments to the International Financial Reporting Standards are mandatory for the first time for the financial year beginning on or after 1 January 2013, however, the adoption of these amendments is either not yet effective or the amendments did not have any significant impact on the condensed interim unconsolidated financial information of the Company.

- IAS 19 (amendment) - Employee Benefits
- IAS 27 (amendment) - Separate Financial Statements
- IAS 28 (amendment) - Investment in Associates and Joint Ventures
- IAS 32 (amendment) - Offsetting Financial assets and Financial liabilities
- IFRS 7 (amendment) - Offsetting Financial assets and Financial liabilities
- Annual Improvements 2009-2011 as a result of which there will be improvements in certain standards

**5** The sugar cane crushing season starts from November and lasts till April each year.

## Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)

For the nine months period ended 30 June 2013

	(Un-audited) 30-Jun-13 Rupees	(Audited) 30-Sep-12 Rupees
<b>6 SHARE CAPITAL</b>		
<b>6.1 Authorized capital</b>		
75,000,000 (30 September 2012: 75,000,000) ordinary shares of Rs. 10 each	750,000,000	750,000,000
25,000,000 (30 September 2012: 25,000,000) preference shares of Rs. 10 each	250,000,000	250,000,000
	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>6.2 Issued, subscribed and paid-up capital</b>		
32,145,725 (30 September 2012: 32,145,725) ordinary shares of Rs. 10 each fully paid in cash	321,457,250	321,457,250
27,630,936 (30 September 2012: 27,630,039) bonus shares of Rs. 10 each	276,309,360	276,309,360
	<u>597,766,610</u>	<u>597,766,610</u>
<b>7 CONTINGENCIES AND COMMITMENTS</b>		
<b>7.1 Contingencies</b>		
There is no material change in contingencies from preceding annual published financial statements of the Company for the year ended 30 September 2012.		
	(Un-audited) 30-Jun-13 Rupees	(Audited) 30-Sep-12 Rupees
<b>7.1.1 Counter guarantees given on account of agricultural loan to growers:</b>	<u>4,483,333,333</u>	<u>4,483,333,333</u>
<b>7.1.2 Letters of guarantee</b>	<u>176,886,510</u>	<u>325,825,715</u>
<b>7.1.3 Cross corporate guarantees for subsidiary company</b>	<u>380,319,248</u>	<u>-</u>
<b>7.2 Commitments in respect of:</b>		
Letters of credit for import of machinery and its related components	<u>2,137,419,559</u>	<u>187,269,707</u>

## Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)

For the nine months period ended 30 June 2013

	Note	(Un-audited) 30-Jun-13 Rupees	(Audited) 30-Sep-12 Rupees
<b>8 OPERATING FIXED ASSETS</b>			
Net book value as at beginning of the period / year		7,856,588,719	7,554,015,934
Add: Additions during the period / year		500,306,026	1,019,669,639
		8,356,894,745	8,573,685,573
Less: Disposals during the period / year - net book value		(4,531,015)	(225,285,688)
Depreciation charged during the period / year		(374,423,160)	(491,811,166)
		(378,954,175)	(717,096,854)
		7,977,940,570	7,856,588,719
<b>9 INVESTMENTS</b>			
Investment in subsidiary company	9.1	1,049,750,000	1,049,750,000
Investment in associated companies	9.2	760,500,000	760,500,000
		1,810,250,000	1,810,250,000
<b>9.1 Investment in subsidiary company - un quoted</b>			
<b>Deharki Sugar Mills (Private) Limited ("DSML")</b>			
104,975,000 (30 September 2012: 104,975,000) fully paid shares of Rs. 10 each			
Equity held 99.98% (30 September 2012: 99.98%)		1,049,750,000	1,049,750,000
<b>9.2 Investment in associated companies - un quoted</b>			
<b>Faruki Pulp Mills Limited ("FPML")</b>			
51,500,000 (30 September 2012: 51,500,000) fully paid ordinary shares of Rs. 10 each			
Equity held 47.69% (30 September 2012: 47.69%)		560,500,000	560,500,000
<b>JK Dairies (Private) Limited ("JKDL")</b>			
10,000,000 (30 September 2012: 10,000,000) fully paid ordinary shares of Rs. 10 each			
Equity held 22.22% (30 September 2012: 22.22%)		200,000,000	200,000,000
<b>JDW Power (Private) Limited ("JDWPL")</b>			
9,000,000 (30 September 2012: 9,000,000) fully paid ordinary shares of Rs. 10 each		90,000,000	90,000,000
Less: Accumulated impairment allowance		(90,000,000)	(90,000,000)
Equity held 47.37% (30 September 2012 : 47.37%)		-	-
		760,500,000	760,500,000

## Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)

For the nine months period ended 30 June 2013

	Note	Nine months ended		Quarter ended	
		30-Jun-13 Rupees	30-Jun-12 Rupees	30-Jun-13 Rupees	30-Jun-12 Rupees
<b>10 SALES - NET</b>					
Sugar					
local		15,979,651,177	21,421,742,294	6,346,425,653	5,560,571,084
export		4,643,544,461	226,204,025	1,878,678,740	226,204,025
		20,623,195,638	21,647,946,319	8,225,104,393	5,786,775,109
Molasses & Bagasse					
Electricity		1,719,530,084	1,423,695,952	614,263,614	379,215,046
		357,756,903	405,696,430	37,844,371	56,077,858
		2,077,286,987	1,829,392,382	652,107,985	435,292,904
		22,700,482,625	23,477,338,701	8,877,212,378	6,222,068,013
Less: FED, Sales tax & others	10.1	(964,936,500)	(1,732,140,115)	(415,374,534)	(446,988,659)
		21,735,546,125	21,745,198,586	8,461,837,844	5,775,079,354

**10.1** The variation between current and comparative period figures also includes the effect of reduced Federal Excise Duty rate allowed by the Federal Board of Revenue vide S.R.O 77 (1)/2013 dated 07 February 2013.

## 11 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary company, associated companies, other related companies and post employment benefit plan. Significant transactions with related parties are as follows:

Relationship	Nature of transactions	30-Jun-13 Rupees	30-Jun-12 Rupees
<b>Subsidiary company</b>	Short term advances - net	476,855,787	995,726,283
	Repayment of long term advances by subsidiary company	277,338,000	-
	Mark up on advances	290,281,714	279,351,857
<b>Associated companies</b>	Sale of sugar	665,259,400	622,446,326
	Advances	750,000,000	250,000,000
	Mark up on advances	70,739,422	38,254,539
	Payment against purchase of aircraft	2,500,000	500,000
	Sale of molasses	495,727	3,411,162
	Advance against issue of shares	-	34,289,512
<b>Other related parties</b>	Purchase of sugarcane	2,940,548,145	3,206,166,610
	Provident fund contribution	20,233,181	18,812,693

## Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)

For the nine months period ended 30 June 2013

### 12 DATE OF AUTHORIZATION

The condensed interim unconsolidated financial information for the nine months ended 30 June 2013 was authorized for issue by the Board of Directors on 26 July 2013.

### 13 GENERAL

**13.1** Figures in the condensed interim unconsolidated financial information have been rounded off to the nearest of rupee.

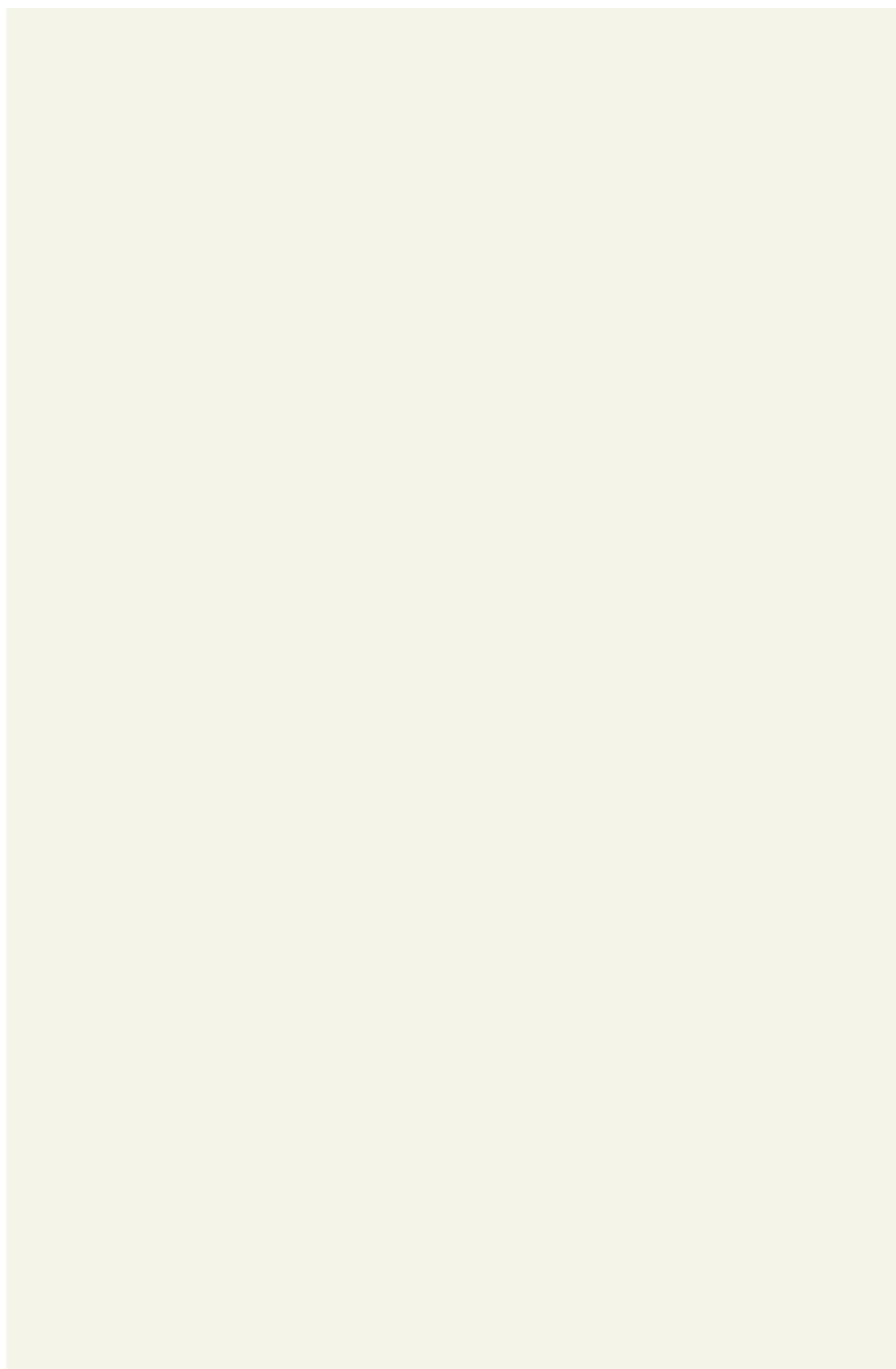
**13.2** A fire incident occurred on 27 January 2013 at the Company's Record Office i.e. 32-N, Gulberg II, Lahore destroying substantial records related to accounting, financial, corporate & tax from the year 1991 to January 2013.

Lahore  
26 July 2013

Chief Executive

Director







**Condensed Interim Consolidated  
Financial Information (Un-audited)**

For the nine months period ended 30 June 2013

## Condensed Interim Consolidated Balance Sheet (Un-audited)

As at 30 June 2013

	Note	(Un-audited) 30-Jun-13 Rupees	(Audited) 30-Sep-12 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	6	597,766,610	597,766,610
Reserves		5,050,891,725	4,334,555,982
		5,648,658,335	4,932,322,592
Non controlling interest		251,389	248,377
		5,648,909,724	4,932,570,969
<b>NON CURRENT LIABILITIES</b>			
Long term loans - secured		2,839,928,672	3,119,611,115
Liabilities against assets subject to finance lease		591,062,930	414,748,686
Deferred liabilities		1,473,917,380	1,286,169,223
		4,904,908,982	4,820,529,024
<b>CURRENT LIABILITIES</b>			
Short term borrowings - secured		12,963,825,732	8,698,067,413
Current portion of non current liabilities		1,654,897,845	1,449,872,658
Trade and other payables		2,934,790,308	2,875,166,943
Interest and mark-up accrued		462,305,660	493,364,357
		18,015,819,545	13,516,471,371
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	28,569,638,251	23,269,571,364
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	8	11,241,098,926	10,716,371,088
Capital work in progress		1,086,561,556	582,112,159
		12,327,660,482	11,298,483,247
Investment property		693,855,251	685,973,260
Investments	9	783,777,583	780,349,093
Goodwill		608,310,693	608,310,693
Long term deposits		88,557,810	105,637,735
		2,174,501,337	2,180,270,781
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		780,805,237	817,725,530
Stock in trade		10,017,419,184	4,666,381,509
Trade debts - unsecured, considered good		616,759,997	451,460,436
Advances, deposits, prepayments and other receivables		2,408,987,237	3,281,180,741
Tax refunds due from Government		199,530,012	520,468,278
Cash and bank balances		43,974,765	53,600,842
		14,067,476,432	9,790,817,336
		28,569,638,251	23,269,571,364

The attached notes 1 to 14 form an integral part of this condensed interim consolidated financial information.

Lahore  
26 July 2013

Chief Executive

Director

## Condensed Interim Consolidated Profit and Loss Account (Un-audited)

For the nine months period ended 30 June 2013

	Note	Nine months ended		Quarter ended	
		30-Jun-13 Rupees	30-Jun-12 Rupees	30-Jun-13 Rupees	30-Jun-12 Rupees
<b>Gross sales</b>		28,313,196,028	25,998,858,787	11,021,056,594	7,138,233,816
Less: FED, Sales tax & others		(1,217,892,926)	(1,906,384,140)	(505,024,909)	(516,260,719)
<b>Net sales</b>	10	27,095,303,102	24,092,474,647	10,516,031,685	6,621,973,097
Cost of sales		(23,642,656,670)	(21,230,694,901)	(9,388,248,329)	(5,995,654,075)
<b>Gross profit</b>		3,452,646,432	2,861,779,746	1,127,783,356	626,319,022
Administrative expenses		(456,223,718)	(361,383,809)	(156,133,634)	(122,097,791)
Distribution and marketing expenses		(256,194,944)	(15,682,958)	(137,187,318)	(3,471,913)
Other operating expenses		(111,681,595)	(87,193,976)	(26,809,773)	99,255,002
Other operating income		144,949,971	89,375,235	47,793,676	35,625,067
		(679,150,286)	(374,885,508)	(272,337,049)	9,310,365
<b>Operating profit</b>		2,773,496,146	2,486,894,238	855,446,307	635,629,387
Finance cost		(1,229,319,214)	(1,261,694,157)	(511,274,626)	(614,396,022)
Share of profit / (loss) of associated companies - net of taxation		3,428,490	(24,919,544)	2,861,144	(57,381,876)
<b>Profit / (loss) before taxation</b>		1,547,605,422	1,200,280,537	347,032,825	(36,148,511)
Taxation		(472,606,701)	(400,605,465)	(88,934,565)	6,930,400
<b>Profit / (loss) after taxation</b>		1,074,998,721	799,675,072	258,098,260	(29,218,111)
<b>Attributable to:</b>					
Equity holders of parent		1,074,995,709	799,704,595	258,098,427	(29,194,745)
Non controlling interest		3,012	(29,523)	(167)	(23,366)
		1,074,998,721	799,675,072	258,098,260	(29,218,111)
<b>Basic earnings / (loss) per share</b>		17.98	13.42	4.32	(0.49)
<b>Diluted earnings / (loss) per share</b>		17.98	13.38	4.32	(0.49)

The attached notes 1 to 14 form an integral part of this condensed interim consolidated financial information

## Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)

For the nine months period ended 30 June 2013

	Nine months ended		Quarter ended	
	30-Jun-13 Rupees	30-Jun-12 Rupees	30-Jun-13 Rupees	30-Jun-12 Rupees
<b>Profit / (loss) for the period</b>	1,074,998,721	799,675,072	258,098,260	(29,218,111)
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	1,074,998,721	799,675,072	258,098,260	(29,218,111)
<b>Attributable to:</b>				
Equity holders of the Holding Company	1,074,995,709	799,704,595	258,098,427	(29,194,745)
Non controlling interest	3,012	(29,523)	(167)	(23,366)
	1,074,998,721	799,675,072	258,098,260	(29,218,111)

The attached notes 1 to 14 form an integral part of this condensed interim consolidated financial information.

## Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the nine months period ended 30 June 2013

	30-Jun-13 Rupees	30-Jun-12 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,547,605,422	1,200,280,537
Adjustments for non cash and other items		
Finance cost	1,229,319,214	1,261,694,157
Depreciation	506,815,205	445,511,376
Workers' profit participation fund	82,701,765	70,645,909
Staff retirement benefits	64,928,301	71,138,212
Workers' welfare fund	27,314,829	16,548,066
Share of profit of associated companies	(3,428,490)	24,919,544
Profit on disposal of operating assets	(5,949,194)	(20,401,676)
Employees' stock option	-	17,429,375
Assets written off	-	728,491
	1,901,701,630	1,888,213,454
<b>Operating profit before working capital changes</b>	3,449,307,052	3,088,493,991
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	36,920,293	(141,768,201)
Stock in trade	(5,351,037,674)	(3,890,323,497)
Advances, deposits, prepayments and other receivables	1,876,351,103	1,004,809,004
Trade debts	(165,299,560)	(2,210,352,771)
	(3,603,065,838)	(5,237,635,465)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(155,068,979)	621,844,623
<b>Cash used in operations</b>	(308,827,765)	(1,527,296,851)
Income tax paid	(150,958,765)	(466,660,482)
Workers' profit participation fund paid	(33,195,478)	(146,922,935)
Staff retirement benefits paid	(69,055,192)	(71,497,192)
	(253,209,435)	(685,080,609)
<b>Net cash used in operations</b>	(562,037,200)	(2,212,377,460)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment	(1,098,379,516)	(1,415,427,573)
Advances to related party	(820,739,422)	(320,002,186)
Investment property	(7,881,991)	(41,715,041)
Proceeds realized from sale of operating assets	7,937,217	39,954,634
Long term deposits	17,079,926	(7,508,390)
<b>Net cash used in investing activities</b>	(1,901,983,786)	(1,744,698,556)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term loans	(96,449,110)	(435,611,108)
Short term borrowings	4,122,822,920	5,914,861,829
Finance cost paid	(908,771,495)	(935,397,274)
Proceeds realized from sale of operating assets	-	11,809,500
Dividend paid	(355,137,913)	(544,865,722)
Lease rentals	(308,069,493)	(362,769,524)
<b>Net cash generated from financing activities</b>	2,454,394,909	3,648,027,701
<b>Net (decrease) / increase in cash and cash equivalents</b>	(9,626,077)	(309,048,315)
<b>Cash and cash equivalents at the beginning of the period</b>	53,600,842	414,067,596
<b>Cash and cash equivalents at the end of the period</b>	43,974,765	105,019,281

The attached notes 1 to 14 form an integral part of this condensed interim consolidated financial information.

## Condensed Interim Consolidated Statement of Changes in Equity (Un-audited)

For the nine months period ended 30 June 2013

Attributable to equity holders of the Holding Company										
	Reserves						Total		Non controlling interest	Total equity
	Share capital	Share premium	Employees' stock option	Accumulated profit	Sub Total	Rupees	Rupees			
								Rupees		
<b>Balance as at 30 September 2011 - restated</b>	592,766,610	643,951,928	21,935,625	3,439,304,043	4,105,191,596		4,697,958,206	(2,125,879)	4,695,832,327	
Employees' stock option	-	-	5,619,875	-	5,619,875		5,619,875	-	5,619,875	
Shares issued under employees' stock option scheme	5,000,000	34,365,000	(27,555,500)	-	6,809,500		11,809,500	-	11,809,500	
<b>Transactions with owners, recorded directly in equity:</b>										
Final dividend @ Rs. 9.00 per share	-	-	-	(537,989,949)	(537,989,949)		(537,989,949)	-	(537,989,949)	
Total comprehensive income for the period	-	-	-	799,704,595	799,704,595		799,704,595	(29,523)	799,675,072	
<b>Balance as at 30 June 2012</b>	597,766,610	678,316,928	-	3,701,018,689	4,379,335,617		4,977,102,227	(2,155,402)	4,974,946,825	
Balance as at 30 September 2012	597,766,610	678,316,928	-	3,656,239,054	4,334,555,982		4,932,322,592	248,377	4,932,570,969	
<b>Transactions with owners, recorded directly in equity:</b>										
Final dividend @ Rs. 6.00 per share	-	-	-	(358,659,966)	(358,659,966)		(358,659,966)	-	(358,659,966)	
Total comprehensive income for the period	-	-	-	1,074,995,709	1,074,995,709		1,074,995,709	3,012	1,074,998,721	
<b>Balance as at 30 June 2013</b>	597,766,610	678,316,928	-	4,372,574,797	5,050,891,725		5,648,658,335	251,389	5,648,909,724	

The attached notes 1 to 14 form an integral part of this condensed interim consolidated financial information.

Lahore  
26 July 2013

Chief Executive

Director

## Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

For the nine months period ended 30 June 2013

### 1 STATUS AND NATURE OF BUSINESS

#### The Group comprises of

- JDW Sugar Mills Limited ("the Holding Company")
- Deharki Sugar Mills (Private) Limited ("the Subsidiary Company")

JDW Sugar Mills Limited ("the Company") was incorporated in Pakistan on 31 May 1990 as a private limited company under the Companies Ordinance, 1984 and was subsequently converted into a public limited company on 24 August 1991. Shares of the Company are listed on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 17-Abid Majeed Road, Lahore Cantonment, Lahore. The principal activity of the Company is production and sale of crystalline sugar.

Deharki Sugar Mills (Private) Limited was incorporated in Pakistan on 14 July 2010 as a Private Limited Company under the Companies Ordinance, 1984. The registered office of the Company is situated at 17-Abid Majeed Road, Lahore Cantonment, Lahore. The principal activity of the Company is production and sale of crystalline sugar.

Movement in Holding Company's ownership interest in Subsidiary Company during the year is as follows:

	(Un-audited) 30-Jun-13 %	(Audited) 30-Sep-12 %
Ownership interest at the beginning of the period	99.98%	80.00%
Ownership interest acquired during the period	-	19.98%
Ownership interest at the end of the period	99.98%	99.98%

Details regarding the Group's investment in associates are given in note 9 to this condensed interim consolidated financial information.

### 2 BASIS OF PREPARATION

This condensed interim consolidated financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 September 2012.

The condensed interim consolidated financial information includes the financial information of JDW, its subsidiary and associates ("Group") for the period ended 30 June 2013.

This condensed interim unconsolidated financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

### 3 USE OF ESTIMATES AND JUDGMENTS

The preparation of condensed interim consolidated financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



## Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

For the nine months period ended 30 June 2013

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Group's condensed interim financial information or where judgments were exercised in application of accounting policies are as follows:

- Retirement and other benefits
- Provision for taxation
- Residual values and useful lives of depreciable assets
- Provisions and contingencies

### 4 SIGNIFICANT ACCOUNTING POLICIES

**4.1** The accounting policies and methods of computation adopted in the preparation of the interim financial information are generally based on the same policies and methods as applied in preparation of the annual financial statements for the year ended 30 September 2012.

#### **4.2 Basis of consolidation**

##### **Subsidiary**

Subsidiaries are those entities in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences. The financial statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the Holding Company's share in paid up capital of the subsidiaries. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.

All material inter-group balances, transactions and resulting unrealized profits / losses are eliminated.

##### **Associates**

Entities in which the Group has significant influence but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees).

**5** The sugar cane crushing season starts from November and lasts till April each year.

## Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

For the nine months period ended 30 June 2013

	(Un-audited) 30-Jun-13 Rupees	(Audited) 30-Sep-12 Rupees
<b>6 SHARE CAPITAL</b>		
<b>6.1 Authorized capital</b>		
75,000,000 (30 September 2012: 75,000,000) ordinary shares of Rs. 10 each	750,000,000	750,000,000
25,000,000 (30 September 2012: 25,000,000) preference shares of Rs. 10 each	250,000,000	250,000,000
	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>6.2 Issued, subscribed and paid-up capital</b>		
32,145,725 (30 September 2012: 32,145,725) ordinary shares of Rs. 10 each fully paid in cash	321,457,250	321,457,250
27,630,936 (30 September 2012: 27,630,936) bonus shares of Rs. 10 each	276,309,360	276,309,360
	<u>597,766,610</u>	<u>597,766,610</u>
<b>7 CONTINGENCIES AND COMMITMENTS</b>		
<b>7.1 Contingencies</b>		
There is no material change in contingencies from the preceding annual published financial statements of the Group for the year ended 30 September 2012.		
	(Un-audited) 30-Jun-13 Rupees	(Audited) 30-Sep-12 Rupees
<b>7.1.1 Counter guarantees given on account of agricultural loan to growers:</b>	<u>4,483,333,333</u>	<u>4,483,333,333</u>
<b>7.1.2 Letters of guarantee</b>		
Holding Company	176,886,510	325,825,715
Subsidiary Company	<u>12,988,800</u>	<u>-</u>
<b>7.1.3 Cross corporate guarantees for subsidiary company</b>	<u>380,319,248</u>	<u>-</u>
<b>7.2 Commitments in respect of:</b>		
<b>Letters of credit for import of machinery and its related components</b>		
Holding Company	2,137,419,559	187,269,707
Subsidiary Company	<u>14,250,000</u>	<u>28,500,000</u>

## Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

For the nine months period ended 30 June 2013

	(Un-audited) 30-Jun-13 Rupees	(Audited) 30-Sep-12 Rupees
<b>8 OPERATING FIXED ASSETS</b>		
Net book value as at beginning of the period / year	10,716,371,088	7,768,107,031
Add: Additions during the period / year	1,036,074,058	3,672,002,269
	11,752,445,146	11,440,109,300
Less: Disposals during the period / year - net book value	(4,531,015)	(100,909,080)
Depreciation charged during the period / year	(506,815,205)	(622,829,132)
	(511,346,220)	(723,738,212)
	11,241,098,926	10,716,371,088
<b>9 INVESTMENTS</b>		
<b>Investment in associated companies- unquoted</b>		
<b>Cost of investments</b>	850,500,000	850,500,000
<b>Share of loss</b>		
Opening balance	(70,150,907)	(36,950,000)
Share of profit / (loss) for the period / year	3,428,490	(33,200,907)
Closing balance	(66,722,417)	(70,150,907)
	783,777,583	780,349,093
<b>9.1 Faruki Pulp Mills Limited ("FPML")</b>		
<b>Cost of investment</b>		
51,500,000 (30 September 2012: 51,500,000) fully paid shares of Rs. 10 each Equity held 47.69% (30 September 2012: 47.69%)	560,500,000	560,500,000
<b>Share of loss</b>		
Opening balance	(34,769,984)	(19,614,146)
Share of loss for the period / year	(6,697,197)	(15,155,838)
Closing balance	(41,467,181)	(34,769,984)
	519,032,819	525,730,016
<b>9.2 JK Dairies (Private) Limited ("JKDL")</b>		
<b>Cost of investment</b>		
10,000,000 (30 September 2012: 10,000,000) fully paid shares of Rs. 10 each Equity held 22.22% (30 September 2012: 22.22%)	200,000,000	200,000,000
<b>Share of profit</b>		
Opening balance	54,619,077	368,357
Share of profit for the period / year	10,125,687	54,250,720
Closing balance	64,744,764	54,619,077
	264,744,764	254,619,077

## Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

For the nine months period ended 30 June 2013

	(Un-audited) 30-Jun-13 Rupees	(Audited) 30-Sep-12 Rupees
<b>9.3 JDW Power (Private) Limited ("JDWPL")</b>		
<b>Cost of investment</b>		
9,000,000 (30 September 2012: 9,000,0000) fully paid shares of Rs. 10 each Equity held 47.37% (30 September 2012: 47.37%)	90,000,000	90,000,000
<b>Share of loss</b>		
Opening balance	(90,000,000)	(17,704,211)
Share of loss for the period / year	-	(72,295,789)
Closing balance	(90,000,000)	(90,000,000)
	-	-

	Note	Nine months ended		Quarter ended	
		30-Jun-13 Rupees	30-Jun-12 Rupees	30-Jun-13 Rupees	30-Jun-12 Rupees
<b>10 SALES - NET</b>					
Sugar					
local		20,007,638,557	23,691,480,542	7,765,182,203	6,455,718,812
export		5,699,925,733	226,204,025	2,473,609,140	226,204,025
		25,707,564,290	23,917,684,567	10,238,791,343	6,681,922,837
Molasses & Bagasse		2,130,034,416	1,637,479,376	744,420,880	384,323,470
Electricity		475,597,322	443,694,844	37,844,371	71,987,509
		2,605,631,738	2,081,174,220	782,265,251	456,310,979
		28,313,196,028	25,998,858,787	11,021,056,594	7,138,233,816
Less: FED, Sales tax & others	10.1	(1,217,892,926)	(1,906,384,140)	(505,024,909)	(516,260,719)
		27,095,303,102	24,092,474,647	10,516,031,685	6,621,973,097

**10.1** The variation between current and comparative period figures also includes the effect of reduced Federal Excise Duty rate allowed by the Federal Board of Revenue vide S.R.O 77 (1)/2013 dated 07 February 2013.

## Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

For the nine months period ended 30 June 2013

### 11 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, other related companies and post employment benefit plans. Significant transactions with related parties are as follows:

Relationship	Nature of transactions	30-Jun-13 Rupees	30-Jun-12 Rupees
<b>Associated Companies</b>	Sale of sugar	665,259,400	622,446,326
	Advances	750,000,000	250,000,000
	Mark up on advances	70,739,422	38,254,539
	Payment against purchase of aircraft	2,500,000	500,000
	Sale of molasses	495,727	3,411,162
	Advance against issue of shares	-	34,289,512
<b>Other Related Parties</b>	Purchase of sugarcane	2,940,548,145	3,206,166,610
	Provident fund contribution	23,722,318	22,042,330

### 12 OPERATING SEGMENTS

This condensed interim consolidated financial information has been prepared on the basis of single reportable segment.

**12.1** Revenue from sale of sugar represents 90.80% (30 June 2012: 92%) of the gross sales of the Group.

**12.2** 79.87% (30 June 2012: 99.13%) of the gross sales of the Group are made to customers located in Pakistan.

**12.3** All non-current assets of the Group as at 30 June 2013 are located in Pakistan.

### 13 DATE OF AUTHORIZATION

The condensed interim consolidated financial information for the nine months ended 30 June 2013 was authorized for issue by the Board of Directors on 26 July 2013.

### 14 GENERAL

**14.1** Figures in the condensed interim consolidated financial information have been rounded off to the nearest of rupee.

**14.2** A fire incident occurred on 27 January 2013 at the Group Record Office i.e. 32-N, Gulberg II, Lahore destroying substantial records related to accounting, financial, corporate & tax from the year 1991 to January 2013.



JDW Sugar Mills Limited  
Head Office: 17-Abid Majeed Road,  
Lahore Cantt, Pakistan.